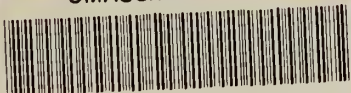
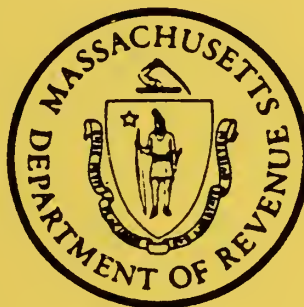


Commonwealth of Massachusetts Department of Revenue

UMASS/AMHERST



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Division of Local Services

A HANDBOOK ON IMPLEMENTING
AN ENTERPRISE FUND ESTABLISHED
UNDER CHAPTER 40 SECTION 39K

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SEPTEMBER 1990

Bureau of Accounts

STEPHEN W. KIDDER
COMMISSIONER

EDWARD J. COLLINS, JR.
DEPUTY COMMISSIONER

INTRODUCTION

This booklet was prepared by the Division of Local Services, Bureau of Accounts to assist communities that have enterprise funds, as well as those considering adopting them in the future. We have included some general information on enterprise funds, and practical information on accepting and implementing enterprise fund legislation. Examples are included showing how to vote an enterprise fund budget, record it, and complete the necessary forms. We have also included a section on fixed assets since accounting for fixed assets is required for enterprise funds.

This guideline focuses on enterprise funds established under Ch 40 Sec 39k, which can be for utilities, health care, recreation and transportation services. A community can establish an enterprise if it wants to separately account for the revenues and expenses of providing a particular service. This would demonstrate to the public which portion of the total costs are recovered through user charges versus being subsidized through taxes. Additionally, any enterprise fund surplus remains with that fund, as opposed to being closed out to the general fund.

We hope that you find this guideline helpful. If you have any questions or need assistance with enterprise funds, contact the Division of Local Services, Bureau of Accounts at 617-727-2300 or 508-792-3571 or 413-784-1040.



Table of Contents

I. Enterprise Fund Legislation	1
II. Common Enterprise Fund Questions and Answers	2-3
III. Accepting Enterprise Fund Legislation	4
IV. Preparing Budget (include all costs)	5-6
V. Adopting Budget	7
VI. Schedule A-2 and Instructions	8-11
VII. Examples	
1. BALANCED BUDGET Enterprise Budgeted Revenues = Budgeted Costs	
a. Schedule A-2	12-13
b. Fincom Recommendation and Warrant Article	14-15
c. Tax Rate Recapitulation	16-19
d. UMAS Budgetary Entries	20
2. BUDGET SURPLUS - RESERVE FUND APPROPRIATION Enterprise Budgeted Revenues > Budgeted Costs	
a. Schedule A-2	21-22
b. Fincom Recommendation and Warrant Article	23-24
c. Tax Rate Recapitulation	25-28
d. UMAS Budgetary Entries	29
3. BUDGET DEFICIT - GENERAL FUND SUBSIDY Enterprise Budgeted Revenues < Budgeted Costs	
a. Schedule A-2	30-31
b. Fincom Recommendation and Warrant Article	32-33
c. Tax Rate Recapitulation	34-37
d. UMAS Budgetary Entries	38-39
VII. Sample Actual Entries	40-41
VIII. Accounting for Fixed Assets	42-44

ENTERPRISE FUND LEGISLATION

Chapter 40; Section 39K. Enterprise funds

Notwithstanding the provisions of section fifty-three or any other provision of law to the contrary, a city or town which accepts the provisions of this section may establish a separate account classified as an "Enterprise Fund", for a utility, health care, recreational or transportation facility, and its operation, as the city or town may designate, hereinafter referred to as the enterprise. Such account shall be maintained by the treasurer, and all receipts, revenues and funds from any source derived from all activities of the enterprise shall be deposited in such separate account. The treasurer may invest the funds in such separate account in the manner authorized by sections fifty-five and fifty-five A of chapter forty-four. Any interest earned thereon shall be credited to and become part of such separate account. The books and records of the enterprise shall be maintained in accordance with generally accepted accounting principles and in accordance with the requirements of section thirty-eight.

No later than one hundred and twenty days prior to the beginning of each fiscal year, an estimate of the income for the ensuing fiscal year and a proposed line item budget of the enterprise shall be submitted to the mayor, board of selectmen or other executive authority of the city or town by the appropriate local entity responsible for operations of the enterprise. Said board, mayor or other executive authority shall submit its recommendation to the town meeting, town council or city council, as the case may be, which shall act upon the budget in the same manner as all other budgets.

The city or town shall include in its tax levy for the fiscal year the amount appropriated for the total expenses of the enterprise and an estimate of the income to be derived by the operations of the enterprise. If the estimated income is less than the total appropriation, the difference shall be added to the tax levy and raised by taxation. If the estimated income is more than the total appropriation, the excess shall be appropriated to a separate reserve fund and used for capital expenditures of the enterprise, subject to appropriation, or to reduce user charges if authorized by the appropriate entity responsible for operations of the enterprise. If during a fiscal year the enterprise incurs a loss, such loss shall be included in the succeeding fiscal year's budget.

If during a fiscal year the enterprise produces a surplus, such surplus shall be kept in such separate reserve fund and used for the purposes provided therefor in this section.

For the purposes of this section, acceptance in a city shall be by vote of the city council and approval of the mayor, in a town, by vote of a special or annual town meeting and in any other municipality by vote of the legislative body.

A city or town which has accepted the provisions of this section with respect to a designated enterprise may, in like manner, revoke its acceptance.

COMMON ENTERPRISE FUND QUESTIONS AND ANSWERS

1. Why would a community choose to adopt an enterprise fund?

- * A community wants to demonstrate to the public which portion of the total costs of a service is recovered through user charges vs. tax levy.
- * A community wants to allow the "surplus" or retained earnings generated by the operation of the enterprise to remain with that fund rather than closing out at year end to the general fund and becoming part of "free cash".

2. For what services can a community establish an enterprise fund?

Chapter 40, section 39K allows enterprise funds to be established, "for a utility, health care, recreational or transportation facility".

Examples include:

- * public utilities- water, sewer, disposal, electricity, and natural gas.
- * health care-hospitals, nursing homes.
- * recreation-amusement parks, pools, golf courses.
- * transportation-airports, dock & wharf facilities.

3. How can a community establish an enterprise fund?

A community can establish an enterprise fund in two ways:

- * adopt Chapter 40 Section 39K.
- * draft and submit special legislation; and have it enacted by the legislature.

4. When a community adopts an enterprise fund is it subject to the appropriation process?

Yes. The community is responsible for appropriating all enterprise fund costs and identifying from which revenue sources these will be funded. This information is recorded on the tax rate recapitulation sheet.

5. For what purposes can the community use the reserve fund and/or retained earnings?

The community can appropriate the reserve fund and/or retained earnings:

- * for operating costs to offset the need to increase user charges.
- * to fund capital improvements.
- * to reimburse the general fund to the extent the general fund has funded the particular service in prior years.
- * for enterprise revenue deficits (operating loss).



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<https://archive.org/details/handbookonimplem00mass>

6. How does the community provide for an enterprise operating loss?

Any operating loss will be provided for in the subsequent year's enterprise fund budget. This may be funded by enterprise revenues or available funds, or possibly a general fund subsidy.

7. How is enterprise fund accounting different from other governmental accounting?

Accounting for enterprise funds is similar to accounting for the private sector. Revenues are recognized when earned and expenses are recognized when incurred. This is known as the full accrual basis of accounting. Also, enterprise fund accounting requires the establishment of fixed assets as explained in Section VIII of this guideline.

8. How can an enterprise provide for extraordinary or unforeseen expenditures?

- * appropriate from enterprise reserve fund and/or retained earnings.
- * request a transfer from the general fund reserve fund established under Chapter 40 Section 5A or 6. The enterprise fund may later appropriate to reimburse the general fund for such transfer.
- * Chapter 44 Section 31 may apply in an extreme emergency.

9. Can the enterprise fund appropriate its own stabilization fund?

There is no provision in the statute to allow for such stabilization fund. The community may appropriate the enterprise reserve fund and/or retained earnings for capital purposes.

10. Is the Treasurer required to maintain a separate bank account for the enterprise fund?

A separate enterprise fund bank account does not have to be maintained. Cash may be pooled for investment and borrowing purposes. However, the accountant should account for enterprise fund cash separately in the general ledger. Investment income and borrowing costs must be allocated proportionately to each fund.

ACCEPTING ENTERPRISE FUND LEGISLATION

Planning Stage

Planning is an integral part of implementing an enterprise fund. The community should establish a team responsible for preparing the enterprise fund budget, determining the allocation of indirect costs, and developing a plan to record fixed assets. The team at the very least should consist of the town manager, the town accountant, the department head of the enterprise, i.e. water commissioner, and a finance committee member.

Timeframe for Implementation

Enterprise Fund legislation should be accepted by town meeting or city council prior to the budgeting and appropriating process.

Budgeting process - During this process the team must determine enterprise revenue and expense estimates for the upcoming fiscal year. Chapter 40 section 39k requires the enterprise budget to be submitted to the mayor or selectmen no later than March 1 so that the warrant/budget can be prepared. Ideally the enterprise fund budget process should follow the same timeframe as every other department.

Appropriating process - The town/city council meeting will give the enterprise approval to expend a certain amount of money through the appropriation process.

The vote to adopt the enterprise fund legislation should be taken at a town/city council meeting prior to the meeting appropriating the enterprise fund budget. For example, a town could accept the enterprise fund for water at a special town meeting in November. The budget could then be properly reflected on the warrant for the annual town meeting knowing that the community has already accepted the enterprise fund legislation.

Sample Vote

A city or town may adopt one or more enterprise funds by vote of the City or Town Council or Town Meeting. By law, each enterprise fund must be adopted separately with its own vote. This will allow the voters to identify and evaluate each enterprise on its own merits.

The warrant article should read as follows:

"To see whether or not the (city or town) will accept the provisions of Chapter 40, Section 39K Massachusetts General Laws, with respect to a (identify type) enterprise fund effective fiscal year (year)."

PREPARING BUDGET (INCLUDE ALL COSTS)

No later than March 1, the appropriate enterprise officer or board must submit to the mayor or board of selectmen the estimated revenues and costs for the next fiscal year. Ideally the enterprise fund budget process should follow the same timeframe as every other department.

Revenue estimates should be prepared for user charges, investment income, and any other enterprise revenues. Enterprise available funds should also be considered. If requested, the Bureau of Accounts will certify enterprise retained earnings upon the submission of a June 30 balance sheet. Certified enterprise retained earnings will be the unrestricted amount available for appropriation.

All costs of operating the enterprise fund must be identified. This should include direct and indirect costs.

Direct costs are those associated directly with the enterprise fund as distinguished from indirect costs which must be prorated among departments. For example, salaries and wages of the enterprise fund would be direct costs. These expenditures will be appropriated in and incurred directly by the enterprise fund.

Indirect costs are those costs which cannot be directly assigned to one service. Enterprise funds often benefit from expenditures made by the general fund. For example, the collector, whose salary is paid by the general fund, may process enterprise fund bill payments. These indirect costs should be identified and allocated to the enterprise fund.

The community may appropriate both enterprise direct and indirect costs in the general fund. For example, the general fund may pay the pension and insurance costs for all employees including those of the enterprise fund. The enterprise's portion must be allocated to the enterprise fund.

Once all costs have been identified, cost estimates can be made for the ensuing fiscal year. The total cost estimates should be compared to the total revenue estimates. The enterprise fund budget will be balanced in one of the following ways:

1. **BALANCED BUDGET**
Budgeted revenue = Budgeted costs
2. **BUDGET SURPLUS - Reserve Fund Appropriation**
Budgeted revenue > Budgeted costs

In this case, the difference between estimated revenues and costs should be appropriated to an enterprise reserve fund. The reserve fund may only be used through an appropriation. At year end, the balance of the reserve fund should be closed to retained earnings.

3. BUDGET DEFICIT - General Fund Subsidy
Budgeted revenue < Budgeted costs

In this case, the budgeted deficit will be provided for by a subsidy from the general fund (i.e. tax levy, free cash etc.). Communities must remember to stay within their levy limit.

ADOPTING BUDGET

The enterprise fund budget is appropriated by City or Town Council or Town Meeting. Both revenue and expense estimates should be provided for meeting consideration.

Form A-2 (see page 7-8) which is required when setting the tax rate, can be used to compile the information and present it at town meeting. Form A-2 shows how the enterprise budget is balanced (i.e. balanced, reserve fund appropriation, general fund subsidy). An example A-2 is included for each of the three possible situations with the respective warrant articles, tax recap, and budget entries.

Although all costs are budgeted in the enterprise fund, some may not be appropriated in the enterprise fund. They may already be appropriated in the general fund which will be reimbursed by an operating transfer from the enterprise fund. A community should not appropriate for any revenues or costs twice since these amounts would be overstated on the tax recap sheet which is used in certain local aid formulas.

By law, any prior year operating deficit must be provided for in the subsequent fiscal year's budget. The precise amount of the deficit will not be available until after year-end (June 30th), and thus will not be available at the Annual Town Meeting. Once determined, it can be provided for in one of the following ways:

- * increase revenue estimates and provide supporting documentation with the A-2 form.
- * increase the general fund subsidy within the levy limit.
- * decrease the reserve fund appropriation at city council/town meeting.

ENTERPRISE FUNDS - SCHEDULE A-2

city/town

1. Enterprise Revenues & Available Funds	(a) <u>Actual prior year</u>	(b) <u>Estimate</u>	
User charges	_____	_____	*
Connection fees	_____	_____	*
Other departmental revenue	_____	_____	*
Investment income	_____	_____	*
Total Revenues	_____	_____	
Retained earnings appropriated	_____	_____	
Other enterprise available funds			
Specify _____	_____	_____	
Total Revenues and Available Funds	=====	=====	

To Recap pg 2
Part III B, line 3

- * Note if the estimate is greater than the prior year actual, additional documentation for the increase should be submitted in writing for approval of the Commissioner of Revenue.

I hereby certify that the actual revenue from the preceding fiscal year as shown in part 1 column (a) is, to the best of my knowledge and belief, true, correct and complete.

Accounting officer Date

We hereby attest the receipts itemized above have not been included in any other deductions from the total amount to be raised as shown in either Schedule A or column (a) of Schedule B of the Tax Rate Recapitulation form.

Date Board of Assessors

Type of enterprise fund _____
Statutory reference _____

ENTERPRISE FUNDS - SCHEDULE A-2

city/town

2. Total costs appropriated

a. Costs appropriated in the enterprise fund

Salaries and wages	_____
Expenses	_____
Out-of-state travel	_____
Capital outlay	_____
Reserve fund	_____
Other _____	_____

Total costs appropriated in the enterprise fund _____

b. Costs appropriated in the general fund (to be transferred to enterprise)

Health insurance	_____
Pensions	_____
Shared employees	_____
Shared facilities	_____
Other _____	_____
Other _____	_____

Total costs appropriated in the general fund _____

Total costs _____

3. Calculation of the general fund subsidy (see instructions)

Enterprise fund revenues & available funds	_____	(part 1 col b)
less: Total costs	_____	(part 2)
less: Prior year deficit	_____	(To Recap pg 2 Part II B)
(Negative represents general fund subsidy)	_____	

4. Sources of funding for costs appropriated in the enterprise fund

a. Enterprise revenues and available funds	_____	To Recap pg 4
b. Taxation	_____	col (e)
c. Free cash	_____	
d. Non-enterprise available funds	_____	

Total sources of funding for costs appropriated
in enterprise fund (must equal total part 2a) _____

Board of Commissioners

Schedule A-2

General Instructions

A separate Schedule A-2 must be completed for each enterprise fund accepted under Chapter 40 section 39k. For enterprise funds established by special legislation Form A-2 may or may not be required, depending on the legislation. Communities can contact their Bureau of Accounts representative for further guidance. All references, unless otherwise stated, are to lines and columns on the Schedule A-2.

The purpose of this form is to:

- * show all enterprise fund revenue and cost estimates, including any costs appropriated in the general fund.
- * ensure that any budget surplus is appropriated to the enterprise reserve fund.
- * calculate and show the general fund subsidy in the case of an enterprise fund budget deficit.

Specific Instructions

Part 1 Enterprise revenues and available funds

- * List actual enterprise revenues from the prior fiscal year, column (a). The Accountant should provide this information, sign and date the form A-2 certifying to the accuracy of these figures.
- * List estimated revenues expected to be collected during the year, column (b). If any estimate is greater than the prior year actual, submit written documentation for the increase with this form.
- * Total each column.
- * List all enterprise available funds appropriated (i.e. retained earnings/reserve fund, unexpended appropriation balances). Do not include general fund available funds appropriated (i.e. free cash, overlay surplus), even if the appropriation was for the enterprise fund. They will be included on Schedule B-1 and/or B-2.
- * Enter the total revenues and available funds as indicated and carry to the Tax Recap page 2, Part III B, line 3.
- * The Board of Assessors must sign and date the form, attesting that the receipts have only been recorded once on the Tax Recap as a revenue source.
- * Indicate the type of enterprise fund and the statutory reference.

Part 2 Total costs appropriated

- *a. List all costs appropriated directly in the enterprise fund. Add and enter total as indicated.
- *b. List all enterprise costs appropriated in the general fund. Add and enter total as indicated.
- * Enter total costs which is the sum of part a and b.

Part 3 Calculation of the general fund subsidy

- * This part must be completed even if there is no general fund subsidy, to ensure that any budget surplus is appropriated to the budgeted reserve fund. In such case, the general fund subsidy will be -0-.
- * Enter the applicable amounts from part 1(column b) and part 2 as indicated.
- * If there was an actual prior year operating deficit that was not provided for with an appropriation, enter it where indicated, and on the Recap page 2 part II B, Other Amounts to be Raised. If there was no prior year deficit enter -0- here.
- * Calculate the general fund subsidy. This amount should be a negative number or -0-.

Note - If the Enterprise Revenues and Available Funds are greater than the Total Costs and any Prior Year Deficits, then the difference should be appropriated to the reserve fund, and included in part 2 a.

Part 4 Sources of funding for costs appropriated in the enterprise fund

- * Costs appropriated in the enterprise fund may be appropriated from enterprise revenues and available funds or from taxation, free cash, etc. This section must be completed to properly record page 4 of the Recap.
- * Enter amounts appropriated in the enterprise fund from sources of funding as indicated.
- * Enter the amount from part 4 (a), on Recap page 4 column (e).
- * Be sure that part 4 (d) only includes non-enterprise available funds.
- * Total this column. This total must equal the total of Part 2 (a).

ENTERPRISE FUNDS - SCHEDULE A-2

Example #1 - BALANCED BUDGET
city/town

1. Enterprise Revenues & Available Funds	(a) <u>Actual prior year</u>	(b) <u>Estimate</u>	
User charges	<u>500,500</u>	<u>500,000</u>	*
Connection fees	<u>24,000</u>	<u>25,000</u>	*
Other departmental revenue	_____	_____	*
Investment income	<u>15,350</u>	<u>14,000</u>	*
Total Revenues	<u>539,850</u>	<u>539,000</u>	
Retained earnings appropriated	_____	<u>50,000</u>	
Other enterprise available funds			
Specify _____	_____	_____	
Total Revenues and Available Funds	<u><u>539,850</u></u>	<u><u>589,000</u></u>	
		To Recap pg 2	
		Part III B, line 3	

* Note if the estimate is greater than the prior year actual, additional documentation for the increase should be submitted in writing for approval of the Commissioner of Revenue.

I hereby certify that the actual revenue from the preceding fiscal year as shown in part 1 is, to the best of my knowledge and belief, true, correct and complete.

Accounting officer Date

We hereby attest the receipts itemized above have not been included in any other deductions from the total amount to be raised as shown in either Schedule A or column (a) of Schedule B of the Tax Rate Recapitulation form.

Date Board of Assessors

Type of enterprise fund water
Statutory reference Ch 40 Sec 39k

ENTERPRISE FUNDS - SCHEDULE A-2

Example #1 - BALANCED BUDGET
city/town

2. Total costs appropriated

a. Costs appropriated in the enterprise fund

Salaries and wages	<u>264,000</u>
Expenses	<u>6,000</u>
Out-of-state travel	<u>2,000</u>
Capital outlay	<u>125,000</u>
Reserve fund	
Other debt	<u>45,000</u>

Total costs appropriated in the enterprise fund 442,000

b. Costs appropriated in the general fund (to be transferred to enterprise)

Health insurance	<u>64,000</u>
Pensions	<u>29,000</u>
Shared employees	<u>54,000</u>
Shared facilities	<u> </u>
Other	<u> </u>
Other	<u> </u>

Total costs appropriated in the general fund 147,000

Total costs 589,000

3. Calculation of the general fund subsidy (see instructions)

Enterprise fund revenues & available funds	<u>589,000</u>	(part 1 col b)
less: Total costs	<u>589,000</u>	(part 2)
less: Prior year deficit	<u>-0-</u>	(To Recap pg 2 Part II B)
(Negative represents general fund subsidy)	<u>-0-</u>	

4. Sources of funding for costs appropriated in the enterprise fund

a. Enterprise revenues and available funds	<u>442,000</u>	To Recap pg 4
b. Taxation	<u> </u>	col(e)
c. Free cash	<u> </u>	
d. Non-enterprise available funds	<u> </u>	

Total sources of funding for costs appropriated
in enterprise fund (must equal total part 2a) 442,000

Board of Commissioners

Illustrative Fincom Recommendation

The Finance Committee recommends that the following sums be appropriated to operate the sewer department:

Salaries	264,000
Expenses	6,000
Out-of-state travel	2,000
Capital outlay	125,000
Debt	45,000
Subtotal	<u>442,000</u>
Indirect costs	147,000
Total	<u><u>589,000</u></u>

\$392,000 to come from sewer revenue, \$50,000 to come from enterprise retained earnings, and \$147,000 to be appropriated in the general fund and funded from sewer revenue.

Example wording of town warrant article for example #1

Article #1

To see if the Town will vote to raise and appropriate or transfer from available funds a sum of money to operate the sewer department or take any other action thereon.

Voted: That the following sums be expended under the direction of the sewer commissioners:

Salaries	\$264,000
Expenses	6,000
Out-of-state travel	2,000
Capital outlay	125,000
Debt	45,000
	<u>442,000</u>

and that \$442,000 be raised as follows:

\$392,000 be raised from sewer receipts

\$50,000 be transferred from enterprise retained earnings.

THE COMMONWEALTH OF MASSACHUSETTS

Department of Revenue

TAX RATE RECAPITULATION

OF

FISCAL 1990

EXAMPLE TOWN #1

City or Town

I. TAX RATE SUMMARY

- A. Total Amount to be Raised (from IIE) \$ 589,000
- B. Total Estimated Receipts and Other Revenue Sources (from III E) 589,000
- C. Tax Levy (IA minus IB) \$ -0-
- D. Distribution of Tax Rates and Levies ☐ Classified ☐ Unclassified

(a) Class	(b) Levy Percentage (from LA-5)	(c) IC above times Each percent in col (b)	(d) Valuation by Class (from LA-5)	(e) Tax Rates $(c) \div (d) \times 1000$	(f) Levy by Class $(d) \times (e) - 1000$
Residential					
Open Space					
Commercial					
Industrial					
SUBTOTAL					
Personal					
TOTAL	100%		\$		\$ -0-

MUST EQUAL IC

Board of Assessors of _____
City or Town _____ Date _____ Tel. No. _____

1. _____ 2. _____ 3. _____

Do Not Write Below This Line - For Department of Revenue Use Only

Reviewed By _____	FY90 Growth	\$ _____
Date _____	FY90 Levy Limit	\$ _____
Tax Rate(s) I. _____	FY91 Base	\$ _____
II. _____	FY90 Estimated Receipts	\$ _____
III. - V. _____	FY90 Overlay	\$ _____

Director of Accounts

Date

II. AMOUNT TO BE RAISED

- A. APPROPRIATIONS (col. (b) through col. (e) from Schedule B, Page 4)\$ 589,000
- B. OTHER AMOUNTS TO BE RAISED
1. Amounts certified for tax title purposes\$ _____
2. Debt and interest charges not included in Schedule B\$ _____
3. Final court judgments\$ _____
4. Total overlay deficits of prior years\$ _____
5. Total cherry sheet offsets (see cherry sheet 1-ER)\$ _____
6. Revenue deficits\$ _____
7. Offset receipts deficits Ch. 44, Sec. 53E\$ _____
8. _____\$ _____
9. _____\$ _____
- TOTAL B (Total lines 1 through 9)\$ _____
- C. STATE AND COUNTY CHERRY SHEET CHARGES (C.S. 1-EC cols. 1 and 2)\$ _____
- D. ALLOWANCE FOR ABATEMENTS AND EXEMPTIONS (OVERLAY)\$ _____
- E. TOTAL AMOUNT TO BE RAISED (Total IIA through IID)\$ 589,000

III. ESTIMATED RECEIPTS AND OTHER REVENUE SOURCES

- A. ESTIMATED RECEIPTS — STATE
1. Cherry Sheet Estimated Receipts (C.S. 1-ER Total Part D)\$ _____
2. Cherry Sheet Overestimates (C.S. 1-EC Part E col. 3)\$ _____
- TOTAL A (Total Lines 1 and 2)\$ _____
- B. ESTIMATED RECEIPTS — LOCAL
1. Local Receipts Not Allocated (Page 3, col. (b), Line 26)\$ _____
2. Offset Receipts (See Schedule A-1)\$ _____
3. Enterprise Funds (See Schedule A-2)\$ 589,000
- TOTAL B (Total Lines 1 through 3)\$ _____
- C. REVENUE SOURCES APPROPRIATED FOR PARTICULAR PURPOSES
1. Free Cash (Page 4, col. (c))\$ _____
2. Other Available Funds (Page 4, col. (d))\$ _____
- TOTAL C (Total Lines 1 and 2)\$ _____
- D. OTHER REVENUE SOURCES APPROPRIATED SPECIFICALLY TO REDUCE THE TAX RATE
1. Free Cash...date of appropriation (/ /)\$ _____
2. Municipal Light Source\$ _____
3. Other Source (Specify)\$ _____
- TOTAL D (Total Lines 1 through 3)\$ _____
- E. TOTAL ESTIMATED RECEIPTS AND OTHER REVENUE SOURCES
(Total IIIA through IIID)\$ 589,000

IV. SUMMARY OF TOTAL AMOUNT TO BE RAISED AND TOTAL RECEIPTS FROM ALL SOURCES

FILL IN AFTER PAGE 1 IS COMPLETE

- A. TOTAL AMOUNT TO BE RAISED (from IIE)\$ 589,000
- B. TOTAL ESTIMATED RECEIPTS AND OTHER REVENUE SOURCES (from IIIE)\$ 589,000
- C. TOTAL REAL AND PERSONAL PROPERTY TAX LEVY (from IC)\$ -0-
- D. TOTAL RECEIPTS FROM ALL SOURCES (TOTAL IVB plus IVC)\$ 589,000

(IVA MUST EQUAL IVD)

SCHEDULE A. LOCAL RECEIPTS NOT ALLOCATED*

	(a) Actual Receipts Fiscal - 1989	(b) Estimated** Receipts Fiscal - 1990
1. Motor Vehicle Excise	\$ _____	\$ _____
2. Other Excise	_____	_____
3. Penalties and Interest on Taxes and Excises	_____	_____
4. Payments in Lieu of Taxes	_____	_____
5. Charges for Services — Water	_____	_____
6. Charges for Services — Sewer	_____	_____
7. Charges for Services — Hospital	_____	_____
8. Charges for Services — Trash Disposal	_____	_____
9. Other Charges for Services	_____	_____
10. Fees	_____	_____
11. Rentals	_____	_____
12. Departmental Revenue — Schools	_____	_____
13. Departmental Revenue — Libraries	_____	_____
14. Departmental Revenue — Cemeteries	_____	_____
15. Departmental Revenue — Recreation	_____	_____
16. Other Departmental Revenue	_____	_____
17. Licenses and Permits	_____	_____
18. Special Assessments	_____	_____
19. Fines and Forfeits	_____	_____
20. Investment Income	_____	_____
21. _____	_____	_____
22. _____	_____	_____
23. _____	_____	_____
24. _____	_____	_____
25. _____	_____	_____
26. TOTALS	\$ _____	\$ _____

I hereby certify that the actual receipts from the preceding fiscal year as shown in column (a) are, to the best of my knowledge and belief, true, correct and complete, and I further certify that I have examined the entries made on page 4 of the fiscal 1990 tax rate recapitulation form by the City or Town Clerk and hereby acknowledge that such entries correctly reflect the appropriations made and the sources from which such appropriations are to be met.

Date

Accountant/Auditor

Telephone No.

* Receipts voted by the City/Town Council or Town Meeting as offsets to the appropriation of a specific department listed on Schedule A-1 or fund on Schedule A-2 filed with and approved by the Director of Accounts must not be included in columns (a) or (b).

** If any estimate in column (b) is greater than the actual line item in column (a), factual support for the increase should be submitted in writing for approval of the Commissioner of Revenue.

DO NOT WRITE BELOW THIS LINE - FOR DEPARTMENT OF REVENUE USE ONLY



SCHEDULE B. CERTIFICATION OF APPROPRIATIONS AND SOURCE OF FUNDING

APPROPRIATIONS		SOURCES OF FUNDING					
City/Town Council or Town Meeting Dates	FY*	(a) Total Appropriations Of Each Meeting	(b) From Raise and Appropriate (Tax Levy)	(c) From Free Cash See B-1	(d) From Other Available Funds See B-2	(e) From Offset Receipts and/or Enterprise Funds See A-1 See A-2	(f) Memo Only Borrowing Authorization
		\$589,000	\$147,000	\$	\$	\$442,000	\$
Totals		\$589,000	\$147,000	\$	\$	\$442,000	
		Must Equal Cols. (b) thru (e)					

* Enter in this column the fiscal year to which the appropriation relates, i.e., fiscal year 1989 or fiscal year 1990.

** Appropriations included in column (b) must not be reduced by local receipts (Schedule A) or any other funding source. Appropriations must be entered in Gross in order to avoid a duplication in the use of estimated or other sources of receipts.

I hereby certify that the foregoing appropriations and the provisions for meeting the same are as voted and correctly reflect the use of offset receipts and enterprise funds.

UMAS BUDGETARY ENTRIES - EXAMPLE #1

Enterprise Fund entries

- | | | |
|----|-----------------------------|-----------|
| 1. | ESTIMATED REVENUES | \$539,000 |
| | BUDGETARY RETAINED EARNINGS | 50,000 |
| | BUDGETARY CONTROL | \$589,000 |
- (To record the estimated or budgeted revenues and reserves)

- | | | |
|----|-------------------|-----------|
| 2. | BUDGETARY CONTROL | \$442,000 |
| | APPROPRIATIONS | \$442,000 |
- (To record the enterprise budgeted costs for the fiscal year)

- | | | |
|----|--------------------------|-----------|
| 3. | BUDGETARY CONTROL | \$147,000 |
| | ESTIMATED INDIRECT COSTS | \$147,000 |
- (To record budgeted transfer to general fund to reimburse for indirect costs)

General Fund entries

- | | | |
|----|-------------------|-----------|
| 1. | BUDGETARY CONTROL | \$147,000 |
| | APPROPRIATIONS | \$147,000 |
- (To record the indirect costs appropriated in the general fund)
Note- This entry would normally include total general fund appropriations

- | | | |
|----|--------------------------|-----------|
| 2. | ESTIMATED INDIRECT COSTS | \$147,000 |
| | BUDGETARY CONTROL | \$147,000 |
- (To record budgeted reimbursement from enterprise fund for indirect costs)

ENTERPRISE FUNDS - SCHEDULE A-2

Example #2 - BUDGET SURPLUS- RESERVE FUND APPROPRIATION
city/town

1. Enterprise Revenues & Available Funds	(a) <u>Actual prior year</u>	(b) <u>Estimate</u>	
User charges	<u>590,100</u>	<u>585,000</u>	*
Connection fees	<u>24,000</u>	<u>25,000</u>	*
Other departmental revenue	<u> </u>	<u> </u>	*
Investment income	<u>15,530</u>	<u>14,000</u>	
Total Revenues	<u>629,630</u>	<u>624,000</u>	
Retained earnings appropriated	<u> </u>	<u>50,000</u>	
Other enterprise available funds			
Specify <u> </u>	<u> </u>	<u> </u>	
Total Revenues and Available Funds	<u>629,630</u>	<u>674,000</u>	

To Recap pg 2
Part III B, line 3

* Note if the estimate is greater than the prior year actual, additional documentation for the increase should be submitted in writing for approval of the Commissioner of Revenue.

I hereby certify that the actual revenue from the preceding fiscal year as shown in part 1 is, to the best of my knowledge and belief, true, correct and complete.

 Accounting officer Date

We hereby attest the receipts itemized above have not been included in any other deductions from the total amount to be raised as shown in either Schedule A or column (a) of Schedule B of the Tax Rate Recapitulation form.

 Board of Assessors
Date

Type of enterprise fund water
Statutory reference Ch 40 Sec 39k

ENTERPRISE FUNDS - SCHEDULE A-2

Example #2 - BUDGET SURPLUS- RESERVE FUND APPROPRIATION
city/town

2. Total costs appropriated

a. Costs appropriated in the enterprise fund

Salaries and wages	264,000
Expenses	6,000
Out-of-state travel	2,000
Capital outlay	125,000
Reserve fund	85,000
Other <u>debt</u>	45,000

Total costs appropriated in the enterprise fund 527,000

b. Costs appropriated in the general fund (to be transferred to enterprise)

Health insurance	64,000
Pensions	29,000
Shared employees	54,000
Shared facilities	
Other _____	
Other _____	

Total costs appropriated in the general fund 147,000

Total costs 674,000

3. Calculation of the general fund subsidy (see instructions)

Enterprise fund revenues & available funds	674,000	(part 1 col b)
less: Total costs	674,000	(part 2)
less: Prior year deficit	-0-	(To Recap pg 2 Part II B)
(Negative represents general fund subsidy)	-0-	

4. Sources of funding for costs appropriated in the enterprise fund

a. Enterprise revenues and available funds	527,000	To Recap pg 4
b. Taxation		col (e)
c. Free cash		
d. Non-enterprise available funds		

Total sources of funding for costs appropriated
in enterprise fund (must equal total part 2a) 527,000

Board of Commissioners

Illustrative Fincom Recommendation

The Finance Committee recommends that the following sums be appropriated to operate the sewer department:

Salaries	264,000
Expenses	6,000
Out-of-state travel	2,000
Capital outlay	125,000
Debt	45,000
Reserve Fund	85,000
Subtotal	<u>527,000</u>
Indirect costs	147,000
Total	<u><u>674,000</u></u>

\$477,000 to come from sewer revenue, \$50,000 to come from enterprise retained earnings, and \$147,000 to be appropriated in the general fund and funded from sewer revenue.

Example wording of town warrant article for example #2

Article #1

To see if the Town will vote to raise and appropriate or transfer from available funds a sum of money to operate the sewer department or take any other action thereon.

Voted: That the following sums be expended under the direction of the sewer commissioners:

Salaries	\$264,000
Expenses	6,000
Out-of-state travel	2,000
Capital outlay	125,000
Debt	45,000
Reserve Fund	85,000
	<u>527,000</u>

and that \$527,000 be raised as follows:

\$477,000 be raised from sewer receipts.

\$50,000 be transferred from enterprise retained earnings

THE COMMONWEALTH OF MASSACHUSETTS

Department of Revenue

TAX RATE RECAPITULATION
OF

FISCAL 1990

EXAMPLE TOWN #2

City or Town

I. TAX RATE SUMMARY

- A. Total Amount to be Raised (from IIE) \$ 674,000
- B. Total Estimated Receipts and Other Revenue Sources (from IIIE) 674,000
- C. Tax Levy (IA minus IB) \$ -0-
- D. Distribution of Tax Rates and Levies ☐ Classified ☐ Unclassified

(a) Class	(b) Levy Percentage (from LA-5)	(c) IC above times Each percent in col (b)	(d) Valuation by Class (from LA-5)	(e) Tax Rates (c) ÷ (d) × 1000	(f) Levy by Class (d) × (e) ÷ 1000
Residential					
Open Space					
Commercial					
Industrial					
SUBTOTAL					
Personal					
TOTAL	100%		\$		\$ -0-

MUST EQUAL IC

Board of Assessors of _____
City or Town _____ Date _____ Tel. No. _____

1. _____ 2. _____ 3. _____

Do Not Write Below This Line - For Department of Revenue Use Only

Reviewed By _____	FY90 Growth	\$ _____
Date _____	FY90 Levy Limit	\$ _____
Tax Rate(s) I. _____	FY91 Base	\$ _____
II. _____	FY90 Estimated Receipts	\$ _____
III. - V. _____	FY90 Overlay	\$ _____

Director of Accounts

Date

II. AMOUNT TO BE RAISED

- A. APPROPRIATIONS (col. (b) through col. (e) from Schedule B, Page 4)\$ 674,000
- B. OTHER AMOUNTS TO BE RAISED
1. Amounts certified for tax title purposes\$
 2. Debt and interest charges not included in Schedule B\$
 3. Final court judgments\$
 4. Total overlay deficits of prior years\$
 5. Total cherry sheet offsets (see cherry sheet 1-ER).....\$
 6. Revenue deficits\$
 7. Offset receipts deficits Ch. 44, Sec. 53E\$
 8.\$
 9.\$
- TOTAL B (Total lines 1 through 9)\$
- C. STATE AND COUNTY CHERRY SHEET CHARGES (C.S. 1-EC cols. 1 and 2)\$
- D. ALLOWANCE FOR ABATEMENTS AND EXEMPTIONS (OVERLAY)\$
- E. TOTAL AMOUNT TO BE RAISED (Total IIA through IID)\$ 674,000

III. ESTIMATED RECEIPTS AND OTHER REVENUE SOURCES

- A. ESTIMATED RECEIPTS — STATE
1. Cherry Sheet Estimated Receipts (C.S. 1-ER Total Part D)\$
 2. Cherry Sheet Overestimates (C.S. 1-EC Part E col. 3).....\$
- TOTAL A (Total Lines 1 and 2)\$
- B. ESTIMATED RECEIPTS — LOCAL
1. Local Receipts Not Allocated (Page 3, col. (b), Line 26).....\$
 2. Offset Receipts (See Schedule A-1)\$
 3. Enterprise Funds (See Schedule A-2)\$ 674,000
- TOTAL B (Total Lines 1 through 3)\$ 674,000
- C. REVENUE SOURCES APPROPRIATED FOR PARTICULAR PURPOSES
1. Free Cash (Page 4, col. (c)).....\$
 2. Other Available Funds (Page 4, col. (d))\$
- TOTAL C (Total Lines 1 and 2)\$
- D. OTHER REVENUE SOURCES APPROPRIATED SPECIFICALLY TO REDUCE THE TAX RATE
1. Free Cash....date of appropriation (/ /)\$
 2. Municipal Light Source.....\$
 3. Other Source (Specify)\$
- TOTAL D (Total Lines 1 through 3)\$
- E. TOTAL ESTIMATED RECEIPTS AND OTHER REVENUE SOURCES
(Total IIIA through IIID)\$ 674,000

IV. SUMMARY OF TOTAL AMOUNT TO BE RAISED AND TOTAL RECEIPTS FROM ALL SOURCES

FILL IN AFTER PAGE 1 IS COMPLETE

- A. TOTAL AMOUNT TO BE RAISED (from IIE)\$ 674,000
- B. TOTAL ESTIMATED RECEIPTS AND OTHER REVENUE SOURCES (from IIIIE)\$ 674,000
- C. TOTAL REAL AND PERSONAL PROPERTY TAX LEVY (from IC) . \$ -0-
- D. TOTAL RECEIPTS FROM ALL SOURCES (TOTAL IVB plus IVC)\$ 674,000
(IVA MUST EQUAL IVD)

SCHEDULE A. LOCAL RECEIPTS NOT ALLOCATED*

	(a) Actual Receipts Fiscal - 1989	(b) Estimated** Receipts Fiscal - 1990
1. Motor Vehicle Excise	\$	\$
2. Other Excise
3. Penalties and Interest on Taxes and Excises
4. Payments in Lieu of Taxes
5. Charges for Services — Water
6. Charges for Services — Sewer
7. Charges for Services — Hospital
8. Charges for Services — Trash Disposal
9. Other Charges for Services
10. Fees
11. Rentals
12. Departmental Revenue — Schools
13. Departmental Revenue — Libraries
14. Departmental Revenue — Cemeteries
15. Departmental Revenue — Recreation
16. Other Departmental Revenue
17. Licenses and Permits
18. Special Assessments
19. Fines and Forfeits
20. Investment Income
21.
22.
23.
24.
25.
26. TOTALS	\$	\$

I hereby certify that the actual receipts from the preceding fiscal year as shown in column (a) are, to the best of my knowledge and belief, true, correct and complete, and I further certify that I have examined the entries made on page 4 of the fiscal 1990 tax rate recapitulation form by the City or Town Clerk and hereby acknowledge that such entries correctly reflect the appropriations made and the sources from which such appropriations are to be met.

Date

Accountant/Auditor

Telephone No.

* Receipts voted by the City/Town Council or Town Meeting as offsets to the appropriation of a specific department listed on Schedule A-1 or fund on Schedule A-2 filed with and approved by the Director of Accounts must not be included in columns (a) or (b).

** If any estimate in column (b) is greater than the actual line item in column (a), factual support for the increase should be submitted in writing for approval of the Commissioner of Revenue.

DO NOT WRITE BELOW THIS LINE - FOR DEPARTMENT OF REVENUE USE ONLY

SCHEDULE B. CERTIFICATION OF APPROPRIATIONS AND SOURCE OF FUNDING

City/Town Council or Town Meeting Dates	APPROPRIATIONS		SOURCES OF FUNDING				(f) Memo Only Borrowing Authorization
	FY*	(a) Total Appropriations Of Each Meeting	(b) .. From Raise and Appropriate (Tax Levy)	(c) From Free Cash Sec B-1	(d) From Other Available Funds Sec B-2	(e) From Offset Receipts and/or Enterprise Funds Sec A-1 Sec A-2	
		\$ 674,000	\$ 147,000	\$	\$	\$ 527,000	\$
Totals		\$ 674,000	\$ 147,000	\$	\$	\$ 527,000	
		Must Equal Cols. (b) thru (e)					

* Enter in this column the fiscal year to which the appropriation relates, i.e., fiscal year 1989 or fiscal year 1990.

** Appropriations included in column (b) must not be reduced by local receipts (Schedule A) or any other funding source. Appropriations must be entered in Gross in order to avoid a duplication in the use of estimated or other sources of receipts.

I hereby certify that the foregoing appropriations and the provisions for meeting the same are as voted and correctly reflect the use of offset receipts and enterprise funds.

UMAS BUDGETARY ENTRIES - EXAMPLE #2

Enterprise Fund entries

- | | | |
|----|-----------------------------|-----------|
| 1. | ESTIMATED REVENUES | \$624,000 |
| | BUDGETARY RETAINED EARNINGS | 50,000 |

BUDGETARY CONTROL	\$674,000
-------------------	-----------

(To record the estimated or budgeted revenues and reserves)

- | | | |
|----|-------------------|-----------|
| 2. | BUDGETARY CONTROL | \$527,000 |
|----|-------------------|-----------|

APPROPRIATIONS	\$527,000
----------------	-----------

(To record the enterprise budgeted costs for the fiscal year)

- | | | |
|----|-------------------|-----------|
| 3. | BUDGETARY CONTROL | \$147,000 |
|----|-------------------|-----------|

ESTIMATED INDIRECT COSTS	\$147,000
--------------------------	-----------

(To record budgeted transfer to general fund to reimburse for indirect costs)

General Fund entries

- | | | |
|----|-------------------|-----------|
| 1. | BUDGETARY CONTROL | \$147,000 |
|----|-------------------|-----------|

APPROPRIATIONS	\$147,000
----------------	-----------

(To record the indirect costs appropriated in the general fund)

Note- This entry would normally include total general fund appropriations

- | | | |
|----|--------------------------|-----------|
| 2. | ESTIMATED INDIRECT COSTS | \$147,000 |
|----|--------------------------|-----------|

BUDGETARY CONTROL	\$147,000
-------------------	-----------

(To record budgeted reimbursement from enterprise fund for indirect costs)

ENTERPRISE FUNDS - SCHEDULE A-2

Example #3 - BUDGET DEFICIT- GENERAL FUND SUBSIDY
city/town

1. Enterprise Revenues & Available Funds	(a) <u>Actual prior year</u>	(b) <u>Estimate</u>	
User charges	<u>340,400</u>	<u>340,000</u>	*
Connection fees	<u>24,000</u>	<u>25,000</u>	*
Other departmental revenue	_____	_____	*
Investment income	<u>15,530</u>	<u>14,000</u>	
Total Revenues	<u>379,930</u>	<u>379,000</u>	
Retained earnings appropriated	_____	<u>50,000</u>	
Other enterprise available funds			
Specify _____	_____	_____	
Total Revenues and Available Funds	<u><u>379,930</u></u>	<u><u>429,000</u></u>	

To Recap pg 2
Part III B, line 3

* Note if the estimate is greater than the prior year actual, additional documentation for the increase should be submitted in writing for approval of the Commissioner of Revenue.

I hereby certify that the actual revenue from the preceding fiscal year as shown in part 1 is, to the best of my knowledge and belief, true, correct and complete.

Accounting officer Date

We hereby attest the receipts itemized above have not been included in any other deductions from the total amount to be raised as shown in either Schedule A or column (a) of Schedule B of the Tax Rate Recapitulation form.

Date Board of Assessors

Type of enterprise fund water
Statutory reference Ch 40 Sec 39k

ENTERPRISE FUNDS - SCHEDULE A-2

Example #3 - BUDGET DEFICIT- GENERAL FUND SUBSIDY
city/town

2. Total costs appropriated

a. Costs appropriated in the enterprise fund

Salaries and wages	<u>264,000</u>
Expenses	<u>6,000</u>
Out-of-state travel	<u>2,000</u>
Capital outlay	<u>125,000</u>
Reserve fund	
Other <u>debt</u>	<u>45,000</u>

Total costs appropriated in the enterprise fund 442,000

b. Costs appropriated in the general fund (to be transferred to enterprise)

Health insurance	<u>64,000</u>
Pensions	<u>29,000</u>
Shared employees	<u>54,000</u>
Shared facilities	
Other	
Other	

Total costs appropriated in the general fund 147,000

Total costs 589,000

3. Calculation of the general fund subsidy (see instructions)

Enterprise fund revenues & available funds	<u>429,000</u>	(part 1 col b)
less: Total costs	<u>589,000</u>	(part 2)
less: Prior year deficit	<u>-0-</u>	(To Recap pg 2 Part II B)
(Negative represents general fund subsidy)	<u>(160,000)</u>	

4. Sources of funding for costs appropriated in the enterprise fund

a. Enterprise revenues and available funds	<u>429,000</u>	To Recap pg 4
b. Taxation	<u>10,000</u>	col (e)
c. Free cash	<u>3,000</u>	
d. Non-enterprise available funds		

Total sources of funding for costs appropriated
in enterprise fund (must equal total part 2a) 442,000

Board of Commissioners

Illustrative Fincom Recommendation

The Finance Committee recommends that the following sums be appropriated to operate the sewer department:

Salaries	264,000
Expenses	6,000
Out-of-state travel	2,000
Capital outlay	125,000
Debt	45,000
Subtotal	<u>442,000</u>
Indirect costs	147,000
Total	<u><u>589,000</u></u>

\$379,000 to come from sewer revenue, \$50,000 to come from enterprise retained earnings, \$10,000 to come from the tax levy and \$3,000 from free cash, and \$147,000 to be appropriated in the general fund from the tax levy.

Example wording of town warrant article for example #3

Article #1

To see if the Town will vote to raise and appropriate or transfer from available funds a sum of money to operate the sewer department or take any other action thereon.

Voted: That the following sums be expended under the direction of the sewer commissioners:

Salaries	\$264,000
Expenses	6,000
Out-of-state travel	2,000
Capital outlay	125,000
Debt	45,000
	<u>442,000</u>

and that \$442,000 be raised as follows:

\$379,000 be raised from sewer receipts.

\$50,000 be transferred from enterprise retained earnings

\$10,000 be raised from the tax levy

\$3,000 be transferred from free cash



THE COMMONWEALTH OF MASSACHUSETTS

Department of Revenue

TAX RATE RECAPITULATION

OF

FISCAL 1990

EXAMPLE TOWN #3

City or Town

I. TAX RATE SUMMARY

- A. Total Amount to be Raised (from IIE) \$ 589,000
 B. Total Estimated Receipts and Other Revenue Sources (from III E) 432,000
 C. Tax Levy (IA minus IB) \$ 157,000
 D. Distribution of Tax Rates and Levies ☐ Classified ☐ Unclassified

(a) Class	(b) Levy Percentage (from LA-5)	(c) IC above times Each percent in col (b)	(d) Valuation by Class (from LA-5)	(e) Tax Rates (c) ÷ (d) × 1000	(f) Levy by Class (d) × (e) ÷ 1000
Residential					
Open Space					
Commercial					
Industrial					
SUBTOTAL					
Personal					
TOTAL	100%		\$		\$ 157,000

MUST EQUAL IC

Board of Assessors of _____

City or Town

Date

Tel. No. _____

I. _____ 2. _____ 3. _____

Do Not Write Below This Line - For Department of Revenue Use Only

Reviewed By _____	FY90 Growth	\$ _____
Date _____	FY90 Levy Limit	\$ _____
Tax Rate(s) I. _____	FY91 Base	\$ _____
II. _____	FY90 Estimated Receipts	\$ _____
III. - V. _____	FY90 Overlay	\$ _____

Director of Accounts

Date

II. AMOUNT TO BE RAISED

- A. APPROPRIATIONS (col. (b) through col. (e) from Schedule B, Page 4)\$ 589,000
- B. OTHER AMOUNTS TO BE RAISED
1. Amounts certified for tax title purposes\$
 2. Debt and interest charges not included in Schedule B\$
 3. Final court judgments\$
 4. Total overlay deficits of prior years\$
 5. Total cherry sheet offsets (see cherry sheet 1-ER)\$
 6. Revenue deficits\$
 7. Offset receipts deficits Ch. 44, Sec. 53E\$
 8.\$
 9.\$
- TOTAL B (Total lines 1 through 9)\$
- C. STATE AND COUNTY CHERRY SHEET CHARGES (C.S. 1-EC cols. 1 and 2)\$
- D. ALLOWANCE FOR ABATEMENTS AND EXEMPTIONS (OVERLAY)\$
- E. TOTAL AMOUNT TO BE RAISED (Total IIA through IID)\$ 589,000

III. ESTIMATED RECEIPTS AND OTHER REVENUE SOURCES

- A. ESTIMATED RECEIPTS — STATE
1. Cherry Sheet Estimated Receipts (C.S. 1-ER Total Part D)\$
 2. Cherry Sheet Overestimates (C.S. 1-EC Part E col. 3)\$
- TOTAL A (Total Lines 1 and 2)\$
- B. ESTIMATED RECEIPTS — LOCAL
1. Local Receipts Not Allocated (Page 3, col. (b), Line 26)\$
 2. Offset Receipts (See Schedule A-1)\$
 3. Enterprise Funds (See Schedule A-2)\$ 429,000
- TOTAL B (Total Lines 1 through 3)\$ 429,000
- C. REVENUE SOURCES APPROPRIATED FOR PARTICULAR PURPOSES
1. Free Cash (Page 4, col. (c))\$ 3,000
 2. Other Available Funds (Page 4, col. (d))\$
- TOTAL C (Total Lines 1 and 2)\$ 3,000
- D. OTHER REVENUE SOURCES APPROPRIATED SPECIFICALLY TO
REDUCE THE TAX RATE
1. Free Cash....date of appropriation (/ /)\$
 2. Municipal Light Source\$
 3. Other Source (Specify)\$
- TOTAL D (Total Lines 1 through 3)\$
- E. TOTAL ESTIMATED RECEIPTS AND OTHER REVENUE SOURCES
(Total IIIA through IIID)\$ 432,000

IV. SUMMARY OF TOTAL AMOUNT TO BE RAISED AND TOTAL RECEIPTS FROM ALL SOURCES

FILL IN AFTER PAGE 1 IS COMPLETE

- A. TOTAL AMOUNT TO BE RAISED (from IIE)\$ 589,000
- B. TOTAL ESTIMATED RECEIPTS AND OTHER
REVENUE SOURCES (from IIIE)\$ 432,000
- C. TOTAL REAL AND PERSONAL PROPERTY TAX LEVY (from IC)\$ 157,000
- D. TOTAL RECEIPTS FROM ALL SOURCES (TOTAL IVB plus IVC)\$ 589,000
(IVA MUST EQUAL IVD)

SCHEDULE A. LOCAL RECEIPTS NOT ALLOCATED*

	(a) Actual Receipts Fiscal - 1989	(b) Estimated** Receipts Fiscal - 1990
1. Motor Vehicle Excise	\$ _____	\$ _____
2. Other Excise	_____	_____
3. Penalties and Interest on Taxes and Excises	_____	_____
4. Payments in Lieu of Taxes	_____	_____
5. Charges for Services — Water	_____	_____
6. Charges for Services — Sewer	_____	_____
7. Charges for Services — Hospital	_____	_____
8. Charges for Services — Trash Disposal	_____	_____
9. Other Charges for Services	_____	_____
10. Fees	_____	_____
11. Rentals	_____	_____
12. Departmental Revenue — Schools	_____	_____
13. Departmental Revenue — Libraries	_____	_____
14. Departmental Revenue — Cemeteries	_____	_____
15. Departmental Revenue — Recreation	_____	_____
16. Other Departmental Revenue	_____	_____
17. Licenses and Permits	_____	_____
18. Special Assessments	_____	_____
19. Fines and Forfeits	_____	_____
20. Investment Income	_____	_____
21. _____	_____	_____
22. _____	_____	_____
23. _____	_____	_____
24. _____	_____	_____
25. _____	_____	_____
26. TOTALS	\$ _____	\$ _____

I hereby certify that the actual receipts from the preceding fiscal year as shown in column (a) are, to the best of my knowledge and belief, true, correct and complete, and I further certify that I have examined the entries made on page 4 of the fiscal 1990 tax rate recapitulation form by the City or Town Clerk and hereby acknowledge that such entries correctly reflect the appropriations made and the sources from which such appropriations are to be met.

_____ Date	_____ Accountant/Auditor	_____ Telephone No.
---------------	-----------------------------	------------------------

* Receipts voted by the City/Town Council or Town Meeting as offsets to the appropriation of a specific department listed on Schedule A-1 or fund on Schedule A-2 filed with and approved by the Director of Accounts must not be included in columns (a) or (b).

** If any estimate in column (b) is greater than the actual line item in column (a), factual support for the increase should be submitted in writing for approval of the Commissioner of Revenue.

DO NOT WRITE BELOW THIS LINE - FOR DEPARTMENT OF REVENUE USE ONLY

SCHEDULE B. CERTIFICATION OF APPROPRIATIONS AND SOURCE OF FUNDING

City/Town Council or Town Meeting Dates	APPROPRIATIONS		SOURCES OF FUNDING				(f) Memo Only Borrowing Authorization
	FY*	(a) Total Appropriations Of Each Meeting	(b) .. From Raise and Appropriate (Tax Levy)	(c) From Free Cash See B-1	(d) From Other Available Funds See B-2	(e) From Offset Receipts and/or Enterprise Funds See A-1 See A-2	
		\$ 589,000	\$ 10,000 147,000	\$ 3,000	\$	\$ 429,000	\$
Totals		\$ 589,000	\$ 157,000	\$ 3,000	\$	\$ 429,000	
		Must Equal Cols. (b) thru (e)					

* Enter in this column the fiscal year to which the appropriation relates, i.e., fiscal year 1989 or fiscal year 1990.

** Appropriations included in column (b) must not be reduced by local receipts (Schedule A) or any other funding source. Appropriations must be entered in Gross in order to avoid a duplication in the use of estimated or other sources of receipts.

I hereby certify that the foregoing appropriations and the provisions for meeting the same are as voted and correctly reflect the use of offset receipts and enterprise funds.

City/Town

Date

Clerk

Tel. No.

UMAS BUDGETARY ENTRIES - EXAMPLE #3

Enterprise Fund entries

- | | | |
|----|-----------------------------|-----------|
| 1. | ESTIMATED REVENUES | \$379,000 |
| | BUDGETARY RETAINED EARNINGS | 50,000 |
| | BUDGETARY CONTROL | \$429,000 |
- (To record the estimated or budgeted revenues for the fiscal year)

- | | | |
|----|-------------------|-----------|
| 2. | BUDGETARY CONTROL | \$442,000 |
| | APPROPRIATIONS | \$442,000 |
- (To record the enterprise budgeted costs for the fiscal year)

- | | | |
|----|--------------------------|-----------|
| 3. | BUDGETARY CONTROL | \$147,000 |
| | ESTIMATED INDIRECT COSTS | \$147,000 |
- (To record budgeted transfer to general fund for indirect costs)

- | | | |
|----|-----------------------------------|-----------|
| 4. | ESTIMATED OTHER FINANCING SOURCES | \$160,000 |
| | BUDGETARY CONTROL | \$160,000 |
- (To record budgeted operating transfer in from general fund subsidy)

General Fund entries

- | | | |
|----|-------------------|-----------|
| 1. | BUDGETARY CONTROL | \$147,000 |
| | APPROPRIATIONS | \$147,000 |
- (To record the indirect costs appropriated in the general fund)
Note- This entry would normally include total general fund appropriations

- | | | |
|----|--------------------------|-----------|
| 2. | ESTIMATED INDIRECT COSTS | \$147,000 |
| | BUDGETARY CONTROL | \$147,000 |
- (To record budgeted reimbursement from enterprise fund for indirect costs)

3. BUDGETARY CONTROL \$160,000

ESTIMATED OTHER FINANCING USES \$160,000

(To record operating transfer to enterprise fund - subsidy)

22

See example #3 for corresponding budgetary entries.

- 40-

General Fund entries

- | | | |
|---|---------|---------|
| 1. Expenditures | 147,000 | |
| Cash | | 147,000 |
| (To record expenditures on warrant #___) | | |
| | | |
| 2. Cash | 147,000 | |
| Expenditures | | 147,000 |
| (To record the receipt of cash from the
enterprise fund for their share of costs) | | |
| | | |
| 3. Other financing uses | 160,000 | |
| Cash | | 160,000 |
| (To record cash transfer to enterprise fund
for general fund subsidy) | | |
| | | |
| 4. Unreserved fund balance | 160,000 | |
| Other financing uses | | 160,000 |
| (To close the other financing uses account
to unreserved fund balance at year end) | | |

ACCOUNTING FOR FIXED ASSETS

Fixed asset accounting is required of all enterprise funds. Any new fixed assets should be recorded upon acquisition and depreciated over their useful lives. Fixed assets acquired prior to implementation of the enterprise fund can be phased in over a period of time.

Define fixed assets

A fixed asset can be defined as a specific piece of property that has the following attributes:

- a tangible nature
- a life longer than the current fiscal year
- a significant value

Most fixed assets fall into the following categories:

- land
- buildings
- improvements
- machinery & equipment
- construction in progress.

Develop a system to account for fixed assets

The enterprise must establish a set of policies and procedures to account for fixed assets. Following are important steps to be followed in developing such system.

1. Planning and establishing policies

Planning would include a review of the accounting and information requirements. For example it would be necessary to know the costs and useful lives of fixed assets. Policies and procedures for obtaining & maintaining such information should be documented.

Because fixed assets, by definition, have "significant value", policies should be established to assist the enterprise in consistently determining significant value. A "capitalization policy" usually states that all items costing less than some specified amount should be expensed rather than treated as a fixed asset.

Because reporting "infrastructure" fixed assets (roads, bridges, drainage systems, lighting systems, and other immovable assets that are of value only to the governmental unit) is optional, a policy should be established on whether or not to report these.

STATE OF NEW YORK
IN SENATE
January 12, 1909.

REPORT
OF THE
COMMISSIONER OF THE LAND OFFICE
IN RESPONSE TO A RESOLUTION PASSED BY THE SENATE
MAY 1, 1898.

ALBANY:
J. B. LIPPINCOTT & COMPANY, PRINTERS.
1909.

THE COMMISSIONER OF THE LAND OFFICE,
ALBANY, N. Y.

ALBANY, N. Y.,
JANUARY 12, 1909.

TO THE SENATE,
ALBANY, N. Y.

2. Inventorying the fixed assets

A complete physical inventory of the enterprise fixed assets must be taken to establish the initial data base. Each fixed asset must be counted and recorded.

3. Assigning costs & lives to the fixed assets

Because fixed assets should be recorded at cost, efforts should be made to obtain the original cost of all fixed assets. When historical cost records are incomplete, best available estimates must be used. An independent appraisal company could be contracted with to accomplish this. The cost of purchased fixed assets should include the purchase price plus certain additional charges that are incurred to place the asset in service.

The useful life of every asset must be determined so that depreciation expense can be calculated and recorded. Because enterprise fund accounting is based on the objective of income determination, it is necessary to allocate the cost of any fixed asset over the life of the asset.

4. Processing and reporting information

The data base must be set up to generate useful reports on such information as: description of asset, location, function, acquisition date, estimated useful life, accumulated depreciation, etc. A fixed asset ledger should be set up detailing such information. It should be possible to reconcile this ledger with the general ledger control account.

5. Maintaining the system

Establish procedures to keep system up to date. Develop fixed asset accounting manual for future reference.

1. The first part of the paper is devoted to a general discussion of the problem.

2. In the second part, we consider the case of a single particle.

3. The third part is devoted to the case of a system of particles.

4. In the fourth part, we consider the case of a continuous medium.

5. The fifth part is devoted to the case of a system of continuous media.

Illustrative journal entries

Fixed assets should be capitalized when acquired and depreciated over the useful life of the asset. However, Massachusetts local governments have a legally adopted budget that makes it necessary to budget the purchase of fixed assets and to record such acquisitions as expenditures. At year-end an entry is made to reclassify them as fixed assets.

For example - The water department purchases a truck for \$15,000 with a useful life of five years. The method of depreciation used is straight line. The following entry would be made.

Expenses	15,000	
Warrants Payable		15,000
(To record purchase of truck per warrant)		

At year end a reclassification of this expenditure is made:

Machinery and Equipment	15,000	
Expenses		15,000
(To reclassify the purchase of truck as a fixed asset)		

Then depreciation is recorded:

Depreciation expense	3,000	
Accumulated depreciation -M&E		3,000

(To record one year's depreciation on truck)

